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William F. Caton
Secretary, Federal Communications Commission
Suite 222
1919 M Street N.W.
Washington, D.C. 20554

Dear Mr. Caton

RE: Pay Telephone Re-Classification
Compensation Provisions of Telecommunications Act of 1996
CC Docket No. 96-128

Dear Mr. Caton

I wish to submit this informal filing relating to the above Federal Communications Commission ruling. The attached letter explains my objections to these provisions, and constitutes the body of my filing. I have sent a copy under separate cover to Chairman Kennard, but I enclose eight copies for your office to distribute as necessary.

If you have any questions regarding my filing, please contact me at 301-309-2207.

Thank you for your consideration of the serious effect of this ruling on small businesses.

Yours sincerely

Linda Simon Graham

Linda Simon Graham

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Management Information Technology Corporation

11791 Fingerboard Road, Green Valley Center, Suite D, Monrovia, Maryland 21770

Phone 301.865.5597 ■ Fax 301.865.3946

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Oct. 30, 1997

The Hon. William E. Kennard
Chairman, Federal Communications Commission
1919 M Street NW
Washington, D.C. 20554

Dear Chairman Kennard

I have just become aware of a Federal Communications Commission telecommunications ruling which will have an extremely negative effect on small businesses such as my customers and myself. I urgently appeal to you to see that this provision does not continue in effect without significant protections to telephone users.

I refer to the ruling on compensation to pay phone providers by 800-Number carriers. I append a copy of a letter from MCI to one of my customers who uses an 800-Number as an integral part of their business. The practical effect of this change will be to increase my customer's annual telephone bill by $ 50,000.00 (Fifty Thousand Dollars).

You may note two things about this letter. One: it is dated after the date the new charges are being levied. It was received by my customer a week after it is dated. This means that the enormous new charges were piling up on their bill before they even knew that they were going to be levied. Two: although the new charges are noted as going into effect on October 13th, there will be no mechanism at all available to enable my customer to distinguish which calls are subject to the new levy until mid-November at the earliest. That mechanism will be incomplete. A "full blocking capability" will not be available until March 1998 at the earliest. This means that there is no way my customer can distinguish, and therefore refuse to accept, any calls which carry the new levy.

Two other aspects may not be apparent to you from this letter. One: this pay phone surcharge does not include any call time. Let us say that one of my customers has negotiated a 13-cent-per-minute rate with their 800-Number carrier. The surcharge does not include any time to actually make a call. Therefore the surcharge does not include that 13 cents per minute, it is wholly additional to it. Actually getting the call made is another charge. This looks to me as if the FCC ruling concentrated on the claims of local pay phone providers versus long-distance carriers, and forgot that there is someone at the end of the line trying to make a call. That would be me and my customers, Jane

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and Joe Q. Public. Two: normally, long distance carriers charge for call time in very short increments, e.g. 6 seconds. Typically, local carriers charge in full minutes, which are therefore always rounded up. Our customers' calls usually take only fractions of a minute. Therefore, the shorter the billing increments the more closely our customers pay only for the time the line is used. The flat, same-charge-per-call surcharge mandated by the FCC means that this increase will be vastly out of proportion to the payment for the actual transmission of a call.

I own a computer company in Maryland which supplies software to various vertical markets throughout the country. One very useful and therefore popular item we provide is a telephone timekeeping system. This system enables employees who work at locations remote from a central office to clock in and out by telephone. Using Caller ID, the software can ascertain that the employee is indeed at the premises or alert management in case of no-shows. The timekeeping information then feeds automatically into payroll, accounting, job costing, etc. The type of situation where this is used is where, for instance, janitorial or security firms send their employees out to office buildings or shopping malls at night to clean or to provide security services. Because the owners of the premises are not present, they are not comfortable allowing the cleaning or security staff access to private phone lines. The staff therefore use pay phones. Because many calls may be long distance (especially in the Mid-West, where distances are great), the calls are made to an 800-Number.

Our customers may have several hundred employees calling in at least twice a day. Employees may call in several times a day if they work less than a full day at each site. Our customers could control the cost of this by negotiating a good rate with a long distance carrier, but with a 28.4 cent surcharge to each call, using the service will bankrupt them. I don't need to tell you where that will leave us.

Yesterday, I spoke at length about this issue with Bob Spangler of the Federal Communications Commission. I noted that this letter, faxed to my company by one of our customers, was the first I had heard of a federal ruling which is going to have a vast and detrimental effect on my business. He maintained that because the telecommunications industry was aware of the issue long ago, that public notice had been given, and that "the opportunity was there" for businesses such as mine to make their voices known before the ruling was made. I strongly disagree.

I think that public notice should be given to the public at large, not just to industry giants. As lengthy documents are drafted and argued over in committees and private meetings by giants of the telecommunications industry, there is no way for small business owners to know how each possible permutation will

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affect them, and to argue for or against each one. Nor are clear presentations of the effect of pending rulings printed in places where those affected might readily see them. I have not seen any such reference to this ruling even yet in a place that I would consider public, such as the Washington Post or the Wall Street Journal. It is all very well to say that we can constantly browse the FCC's web page to see if something might affect us, but unless we make a life's work of that, I see no way for us to be aware that we are in jeopardy. My customers and I do not have the time to become full-time government overseers. Nor do we have the money to hire attorneys or lobbyists to do it for us.

Mr. Spangler also informed me that the FCC requires carriers to file new tariffs with the FCC only one day before levying the new charges, and that the filing overrules all contracts which the carrier has with its customers. There is no requirement at all to notify customers. Thus, our customers believe that they have a contract with their telephone carrier, which is a central business expense, but in fact their contract may be void without them knowing it.

I had assumed that it was part of the FCC's mandate to look after the public while adjudicating these issues. I would therefore have expected the FCC ruling to include a provision setting a date at which all of the desirable elements would be accomplished at once: 800-Number users would have a means of identifying and refusing calls carrying these surcharges if they wished, local providers and long distance carriers would have signed contracts establishing lower charges where possible, the exact nature of the changes would be well publicized in places that ordinary business people would be aware of, and telephone users at both ends of the line would know in advance what sort of charge applied to the phone they were using. To me, such provisions are essential to protect the actual telephone users, who surely must be included in the public that government is supposed to serve. However, according to Mr. Spangler, it is up to the marketplace to solve these problems for us. That is all very well, as I told him, unless you are one of the companies that goes bankrupt before the marketplace comes up with a solution. I think that the FCC should have set out a timetable that established that the two sides of the telecommunications industry could not step all over their small business users while they were solving mutual problems.

I look forward to your immediate response on this issue of critical importance to me and my customers.

Yours sincerely

Linda Simon Graham

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MCI

October 15, 1997

Rick Nayden
American Pool Srvc Richmond
PO Box 562
Beltsville, MD 20704-0562

RE: IMPORTANT NEWS ABOUT AN FCC MANDATE THAT IMPACTS YOUR TOLL FREE SERVICE AND REQUIRES YOUR ACTION BY OCTOBER 24, 1997.

Dear Rick Nayden:

Effective October 13, 1997, MCI will charge its toll free customers a per-call payphone use charge for each payphone originated toll free call, including remote access and calling card access calls.

This charge is a result of a key provision of the Telecommunications Act of 1996 which states that payphone service providers are to be compensated for all non-coin calls completed from their payphones.

Because these charges are to be paid by the carriers who transport the calls, they will be assessed and appear on your MCI invoice beginning in December 1997. The amount of the charge will be $.30 per call. MCI and other carriers appealed the FCC's initial decision that requires common carriers to pay a per call charge. Moreover, a Federal Court overturned the FCC's decision. The FCC's response ordered per call compensation to commence October 7, 1997 and remain in place for two years. In addition, the FCC has granted a waiver to certain LECs/PSPs allowing them to delay the provision of unique payphone coding digits until March 9, 1998.

In response to customer requests, MCI will offer Payphone Toll Free Blocking Service where available. This service will block the completion of toll free calls from payphones. Payphone Toll Free Blocking Service will begin to be offered on November 15, 1997. This date is subject to change pending FCC action or MCI development delays as a result of those changes. MCI expects to have full blocking capability in place by March 1998.

As a result of the recent FCC waiver and resulting development implications, blocking will not be available for some calls. Where calls are not able to be blocked, your company will be responsible for the associated transport charges for these calls including payphone use charges. Blocking is not available for remote access and calling card access.

If you wish to implement Payphone Toll Free Blocking on any or all for your toll free numbers, you must contact MCI by October 24, 1997 in order to request the service. The charge for this service is $250 per Corporate ID for installation and $250 per Corporate ID per month for the blocking service.

Please contact your MCI Account team today for more information or to request Payphone Toll Free Blocking Service.

Sincerely,

MCI Business Markets

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